

**United States Department of the Interior****BUREAU OF LAND MANAGEMENT**

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>

AUG 06 2009

3482
UTU-67939
UT923

Ark Land Company
c/o Canyon Fuel Company, LLC
HC35, Box 380
Helper, Utah 84526
Attn: Mark Bunnell

Re: Approval of Minor Coal Exploration Plan, Winter Quarters Federal Coal Lease
UTU-67939, Carbon County, Utah

Dear Mr. Bunnell:

On November 13, 2008, BLM received a plan to conduct coal exploration on the Winter Quarters Federal Coal Lease UTU-67939. It was submitted in conjunction with an application for Federal Minor Coal Exploration License in the Granger Ridge area immediately north of this lease (UTU-87084), the license will be approved at a later date. Ark Land Company, a subsidiary of Arch Coal, Inc., proposed to drill three exploration holes on lease, to further evaluate the coal reserves in this area. Primary access for helicopter loading/unloading will be by Manti-La Sal National Forest System roads.

NEPA analysis found no issues that could not be mitigated for this plan using helicopter access. The Manti-La Sal National Forest has concurred to approval of this plan.

The BLM approves the requested the exploration plan for UTU-67939 subject to the terms and conditions of the lease and the special stipulations attached.

This decision may be appealed to the Interior Board of Lands Appeals (IBLA), Office of the Secretary, in accordance with the regulations contained in 43 CFR Part 4, and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from the receipt of this decision. The appellant has the burden of showing that the decision from is in error.

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DIV. OF OIL, GAS & MINING

If you have any questions regarding this matter, please contact Sue Wiler of our staff at 435-636-3651.

Sincerely,

s/ Roger L. Bankert

Roger L. Bankert
Minerals Branch Chief

Enclosures

1. BLM/Forest Service Stipulations (5 pp)
2. Form 1842-1

cc: UTG021, Steve Rigby, Price Field Office (w/enclosures)
UT924, Bill Buge, Utah State Office (w/enclosures)
Pam Brown (USFS) (w/Enclosures)
Manti-La Sal National Forest
599 Price River Drive
Price, Utah 84501
Dana Dean (UDOGM)(w/Enclosures)
Division of Oil, Gas and Mining
1594 West North Temple
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Conditions of Approval for Exploration For Arch Coal / Skyline

1. A pre-work meeting including the responsible company representative(s), contractors, the BLM, Utah Department of Oil Gas and Mining (DOGM), and the Manti-La Sal National Forest shall be conducted at the project location prior to commencement of operations. Site-specific FS requirements will be discussed at this time.
2. A Road Use Permit shall be obtained from the FS before equipment is transported onto National Forest System lands.
3. All surface disturbing activities including reclamation shall be supervised by a responsible representative of the permittee/licensee who is aware of the terms and conditions of the projects permits/licenses. A copy of the appropriate permits/licenses must be available for review at the project site at all times during operation.
4. The Authorized Officer shall be notified 48 hours in advance that heavy equipment will be moved onto National Forest System lands and that surface disturbing activities will commence.
5. Establishment of campsites on National Forest System lands in support of this project will be authorized by the FS under a Special Use Permit.
6. The Authorized Officer shall be notified of any proposed alterations to the plan of operations, and the alterations shall be approved prior to commencement.
7. Fire suppression equipment shall be available to all personnel working at the project site. Equipment shall include at least one hand tool per crew member consisting of shovels and pulaski's and one properly rated fire extinguisher per vehicle and/or internal combustion engine.
8. All gasoline and diesel shall be equipped with effective spark arrestors or mufflers. Spark arresters shall meet FS specifications discussed in the "General Purpose and Locomotive Spark Arrester Guide, Volume 1, April, 1988"; and "Multi-position Small Engine Spark Arrestor Guide, April, 1989". In addition, all electrical equipment must be properly insulated to prevent sparks.
9. The permittee/licensee will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the FS as soon as possible.
10. Operations may be suspended during periods of high fire danger.
11. Water needed in support of operations shall be properly and legally obtained according to Utah State water laws. The water well drilled by the company is the primary water source, this will be trucked to frac tanks onsite.
12. Unauthorized off-road motorized travel, other than along the approved access routes, is prohibited.

13. Section corners or other survey markers, including claim corners, in the project area must be located and flagged for preservation prior to commencement of surface disturbing activities. The removal, displacement, or disturbance of markers must be approved by the proper authority. Replacement will be done by the proper authority at the expense of the permittee/licensee.
14. If cultural or paleontological resources are discovered during operations, all operations which may result in resource disturbance must cease and the Authorized Officer notified of the discovery.
15. Gates shall be closed after entry/exit unless otherwise specified.
16. The permittee/licensee will be held responsible for all damage to fences, cattleguards, resource improvements, roads, and other structures on National Forest System lands which result from their operations. The Authorized Officer must be notified of damages as soon as possible.
17. Operations shall be coordinated with grazing permittees to prevent conflicts.
18. Harrassment of wildlife and livestock is prohibited.
19. All drilling fluids, mud, and cuttings shall be contained and properly disposed of prior to reclamation.
20. During drilling operations all trash, garbage, and other refuse shall be properly contained on the project site prior to disposal at authorized sites.
21. All significant water encountered during drilling shall be reported to the Authorized Officer, including the depth and formation at which it was encountered, and an estimate of the flow.
22. If any of the drill holes encounter artesian groundwater flow, the Authorized Officer shall be notified prior to plugging the hole. The operator may be required to establish a permanent water development at the site.
23. All drill holes shall be plugged in accordance with Federal and State regulations.
24. The permittee/licensee shall clean up and remove all drilling equipment, trash, garbage, flagging, vehicles, and other such materials from National Forest System lands.
25. Disturbed areas shall be reclaimed by the end of the field season.
26. Drill rigs and heavy equipment (not including water trucks) shall not be transported in or out of the project area during the opening weekend of the general elk hunt nor during the opening weekend of the general deer hunt and during holiday weekends.
27. Contaminated soil and gravel shall be stripped and hauled off National Forest System lands prior to site reclamation.

28. Drill sites shall be reclaimed by selectively backfilling excavated materials, topsoil last, such that the disturbed area is replaced to its approximate original contour. The disturbed area must be seeded with the specified seed mix.
29. Upon completion of the project, compacted soils (access routes, staging areas, camping areas) shall be scarified and seeded with the specified seed mix.
30. All disturbed drainages shall be replaced to their approximate original configuration when the project area is reclaimed.
31. The seed mix to be used for reclamation will be as follows:

Pounds Pounds of Live Seed Per Acre

Western Wheatgrass	<i>Elymus smithii</i>	2
Basin Wild Rye	<i>Elymus cinereus</i>	1
Intermediate Wheatgrass	<i>Elymus hispidus</i>	2
Blue Leaf Aster	<i>Aster glaucodes</i>	0.25
Lewis Flax	<i>Linum lewisii</i>	0.50
Small Burnet	<i>Sanguisorba minor</i>	1
Silvery Lupine	<i>Lupinus argenteus</i>	1
True Mahogany	<i>Cercocarpus montanus</i>	1
Bitterbrush	<i>Purshia tridentata</i>	1

This seed mix shall be 99 percent pure live seed containing a maximum of one percent weeds, none of which are noxious.

32. The permittee/licensee shall take all reasonable and appropriate measures to prevent the introduction and proliferation of exotic plants and/or noxious weeds for all operations on the land surface. Heavy equipment, drilling equipment, and all transport vehicles shall be cleaned prior to entering the FS. The permittee/licensee will be held responsible for control and eradication of exotic species and noxious weed infestations found to be a result of this project, until the Authorized Officer is notified by the surface management agency that vegetative restoration is acceptable.
33. Stipulation for Lands of the National Forest System Under Jurisdiction of the Department of Agriculture:

The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license. The Secretary of Agriculture rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501
435-636-3543

who is the authorized representative of the Secretary of Agriculture.

34. Project operations will be restricted to the period between June 15 and November 1 to avoid effects on wildlife.
35. Roads must not be used when they are wet and susceptible to damage.
36. The permittee is responsible for repair of any damages to roads caused by this operations.
37. All traffic must maintain safe speeds commensurate with existing conditions.
38. Roads must be watered if dust becomes a problem or if excessive loss of road material occurs.
39. When performing hole plugging, and in combination with requirements for protection of aquifers, coal seam sealing and surface plugging, the permittee or licensee shall specifically follow the manufacturer's recommendations for mixing various plugging materials. These materials, including but not limited to "Abandonite" and/or cement for example, shall be mixed strictly according to the manufacturer's instructions unless it is shown to have been blended to *even more effective* mixtures than the minimum recommendation. Records of both the manufacturer's mixing instructions and records of actual mixtures used in the field, (including for example gallons of water used, bags of materials used and etc.), shall be made available to the authorized officer or his/her representative upon request *in the field*. These records shall also be made a part of the exploration reports submitted to the authorized officer upon completion of the exploration project.